

ORANGE TOWNSHIP

Ionia County, Michigan

Financial Statements

And

Independent Auditor's Report

For the Year ended March 31, 2008

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* ORANGE TOWNSHIP	County* IONIA	Type* TOWNSHIP	MuniCode* 34-1-110
Opinion Date-Use Calendar* Sep 5, 2008	Audit Submitted-Use Calendar* Sep 26, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	
<input type="checkbox"/> ?	18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="text"/> \$ 402,345.00
General Fund Expenditure:	<input type="text"/> \$ 439,903.00
Major Fund Deficit Amount:	<input type="text"/> \$ 0.00

General Fund Balance:	<input type="text"/> \$ 202,752.00
Governmental Activities Long-Term Debt (see instructions):	<input type="text"/> \$ 103,069.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* LAWRENCE	Last Name* TIEJEMA	Ten Digit License Number* 1101026843		
CPA Street Address* 31 E MAIN ST PO BOX 10	City* SARANAC	State* MI	Zip Code* 48881	Telephone* +1 (616) 642-0384
CPA Firm Name* LAWRENCE TIEJEMA, PC	Unit's Street Address* 31 E MAIN ST PO BOX 10	Unit's City* SARANAC	Unit's Zip* 48881	

ORANGE TOWNSHIP

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Lawrence Tiejema, PC Certified Public Accountant
31 E. Main Street, Saranac, MI 48881 616-642-0384
fax: 616-642-0610 email: tiej@sbcglobal.net

INDEPENDENT AUDITOR'S REPORT

September 5, 2008

The Township Board
Orange Township
Ionia County, Michigan

I have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of Orange Township, Ionia County, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express opinions on these financial statements based on my audit.

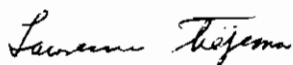
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of Orange Township, as of March 31, 2008, and the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated September 5, 2008, on my consideration of Orange Township's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis on pages 5 to 11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Orange Township's basic financial statements. The governmental schedules have been subjected to auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.



Lawrence Tiejema, PC.

September 5, 2008

Management Discussion and Analysis

The township financed its share of the cost of a new tanker for the Berlin-Orange Fire Department, demolished its old township hall while making plans for a new township hall, and maintained a sufficient fund balance against future needs.

Financial Highlights

- (1) The township took out a promissory note with Firstbank West Michigan in April 2007 for \$193,000. The proceeds were used to pay for Orange Township's share of the cost of a new tanker for the Berlin Orange Fire Department.
- (2) In November 2006 the citizens of Orange Township approved a 1.5 mill levy for three years to cover the cost of fire protection. The township board has dedicated this fire millage revenue to the repayment of the loan with Firstbank.
- (3) Due to interest payments on the Firstbank loan of \$5,592 and the \$180,329 capital contribution to the Berlin Orange Fire Department for the new fire truck, Engine 3, the township ran a \$143,551 deficit for the year ended March 31, 2008. This compared to the surplus of \$67,541 for the prior year.
- (4) The township had the old township hall demolished by Thomas Excavating at a cost of \$855.
- (5) At the completion of the fiscal year ended March 31, 2008, Orange Township had unrestricted net assets of \$98,920. This represents 66% of a normal year's expenditures of \$150,000.
- (6) The two main sources of income for the township increased in the year just ended. Property tax revenues including tax administration fees increased by \$5,645 while state revenue sharing went up by \$594. This represented a 3.4% increase from the two main income sources.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Township governments may have activities that are intended to recover all or a significant portion of their costs through user fees and charges. Orange Township has no such activities. All financial resources and expenditures are maintained in the township's general fund. The township also has a tax agency fund which collects real and personal property taxes and disburses these tax revenues to the appropriate governmental units including Orange Township's general fund. Through its general fund, Orange Township provides for general government, public safety, public works, planning and zoning, and cemetery. The government-wide financial statements can be found on pages 12-14 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government wide-financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township adopts an annual appropriated budget. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets. The basic governmental fund financial statements can be found on pages 15-20 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Orange Township has one fiduciary fund, the Tax Agency Fund.

The basic fiduciary fund statements for the tax agency fund can be found on page 21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements can be found on pages 22-35 of this report.

Orange Township's Net Assets

Governmental Activities

	Year ended March 31, 2008
Current and other assets	\$ 214,767
Capital assets	11,877
Total assets	226,644
Long-term liabilities outstanding	103,069
Other liabilities	12,778
Total liabilities	115,847
Net assets:	
Invested in capital assets, net of related debt	11,877
Restricted	
Unrestricted	98,920
Total net assets	\$ 110,797

Current assets above consist of cash deposits, delinquent property taxes receivable, and prepaid expenses. Cash deposits fell from \$240,016 in the prior year to \$198,152 for the year ended March 31, 2008. Delinquent property taxes are forwarded to the township from the County of Ionia. The delinquent tax receivable for the year ended March 31, 2008, is \$10,261. Prepaid expenses represent payments for expenses that cover periods beyond the fiscal year. The \$977 in prepaid expenses consists of property, workers compensation, and liability insurance of \$802 and Michigan Township Association dues of \$175.

The long-term liabilities consist of the loan with Firstbank which had a balance of \$103,069 at the close of the fiscal year. Of this balance, \$65,503 is scheduled to be paid in the coming year. However, the township may pay off the remaining balance during the year ending March 31, 2009.

The other liabilities consist of accounts payable of \$1,092, wages and payroll tax accruals of \$9,652, accrued interest on the Firstbank loan of \$763, and escrow balances of \$1,271. Escrow moneys received from developers represent a liability holding account to the township until the escrow accounts are closed.

Orange Township's Changes in Net Assets

	Governmental Activities	
	Year ended March 31, 2008	(unaudited) Year ended March 31, 2007
Revenue:		
Program revenue:		
Charges for services	\$ 7,648	\$ 5,072
Capital grants and contributions	-	
General revenue:		
Property taxes	118,647	113,002
State Sources	71,553	70,959
Other	11,497	28,924
Total revenue	209,345	217,957
Expenses:		
General government	54,415	62,514
Legislative	4,796	4,502
Public safety	254,833	49,624
Public works	29,933	24,500
Planning and Zoning	8,269	7,351
Cemetery	650	1,925
Total expenses	352,896	150,416
Increase (decrease) in net assets	(143,551)	67,541
Net assets - beginning of year	254,348	186,807
Net assets - end of year	\$ 110,797	\$ 254,348

The revenues of the township fell by \$8,612, or 4.2%, while expenses increased by \$202,480, or 135%. The biggest increase in expense came from public safety as a result of the \$180,349 capital contribution to the Berlin Orange Fire Department as Orange Township's share of the purchase of the new tanker truck, Engine 3.

The increase in property tax revenue in 2007 and 2008 has come mainly from the voted fire millage of 1.5 mills. This fire millage brought in \$62,591 in the year ended March 31, 2008, and \$58,110 in the prior year.

Expenses increased for roads and planning in the year just ended. Road gravel expenses of the year just ended were \$17,434 compared to \$11,074 from the year before. Planning/zoning expenses increased by \$918. This was due to additional planning/zoning expenses tied to addressing concerns related to the potential PA 425 agreement with the City of Ionia.

**Orange Township's Capital Assets
(net of depreciation)**

Governmental Activities

	<u>Year ended March 31, 2008</u>
Land	\$ 100
Office and voting equipment	<u>11,777</u>
Total Assets	<u>\$ 11,877</u>

No additional equipment was purchased during the year ended March 31, 2008. Depreciation expense of \$2,161 was charged against the existing assets lowering capital assets from \$14,038 to \$11,877.

The office equipment represents computers, printers, and fax machines of the Clerk and Treasurer. The original cost of the Clerk's equipment is \$3,708 and the original cost of the Treasurer's equipment is \$2,518. The voting equipment consists of two voting machines – a standard M-100 voting tabulator and an AutoMark voter assist terminal. These voting machines were from a federal grant in April 2006 and represent a fair market value of \$12,320.

The township owns a piece of property on which the former township hall sat. Its original value was estimated based on land values in the late 1800's.

Orange Township – Future Challenges and Resources

PRIOR YEAR

The taxable value of the township has increased \$6,796,927, or 17.5% over the past three years. This has resulted in an increase of tax income for the general fund and the special voted emergency services millage. This resulted in a decrease of the general fund amount needed to repay a portion of the fire equipment loan. The loan for the fire equipment will be repaid during the 08-09 budget year with the three year special voted 1.5 mills expiring.

The Township Board also approved a PA 425 agreement with the City of Ionia for a 43 acre parcel to be utilized as a non-profit medical facility. This agreement provides the township a 100,000 daily capacity in the Ionia Waste Water Treatment Facility, an annual emergency services payment of \$5,000, Dial-a-Ride Services for the M66 Corridor, a water franchise for portions of the M-66 corridor, and hook up payments for sewer and water in the area. A portion of the township bounded by M-66, David Hwy, Kelsey Road, and the Orange/Ionia Township Line was designated by the Federal Government as a new Federal Growth Zone. This resulted in the resurfacing of David Highway and Kelsey Road in that zone at no cost to the township.

A new contract was negotiated with Berlin Township for the continuation of emergency services with the Berlin Orange Fire Department (BOFD). This contract contains a provision for changing the variable costs payment schedule to reflect the actual runs in each township. This will result in a financial saving for Orange Township.

FUTURE YEARS

Expansion of the BOFD facilities is currently under discussion. This expansion will increase the training/meeting areas of the facility, make the facility barrier free, and increase the equipment storage space. A site on the BOFD parcel is being considered for a new mobile phone tower by a private company. The resulting revenue from a lease for a mobile phone tower will reduce the support needed from the general fund for the emergency services portion of the Orange Township Budget.

A joint governmental agreement is being planned to administer the Ionia Waste Water Treatment Plant when the bonds are paid off in the year 2010. Orange Township, which now has waste water treatment capacity, would be a member and signee to that agreement. As the use of that capacity becomes evident, Orange Township must enter into agreements with Berlin and Ionia Township to utilize their waste water lines.

During the past year Orange Township became aware that two major bridges in the township have been designated as needing replacement. Without sufficient county funds to initiate this replacement the township has been requested to participate. Consideration of this request needs to be initiated in the future.

ORANGE TOWNSHIP
STATEMENT OF NET ASSETS

March 31, 2008

	Governmental Activities
Assets	
Current assets:	
Cash and deposits	\$ 198,152
Receivables	
Due from other funds	5,377
Taxes receivable	10,261
Prepaid expenses	977
Total current assets	214,767
Capital assets , net of accumulated depreciation	11,877
Total Assets	226,644
Liabilities	
Current liabilities:	
Accounts payable	1,092
Accrued payroll liabilities	9,652
Accrued interest expense	763
Long-term debt, current portion	65,503
Escrow accounts	1,271
Total current liabilities	78,281
Long-term liabilities:	
Fire Truck loan	37,566
Total Liabilities	115,847
Net Assets	
Invested in capital assets, net of related debt	11,877
Unrestricted net assets	98,920
Total net assets	\$ 110,797

The accompanying notes are an integral part of these financial statements.

ORANGE TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008

Functions/ Programs	Expenses	Program Revenues	Operating Grant	Net (Expense) Revenues
		Charges for Service		
Primary government				
Governmental activities:				
General government	\$ 54,415	\$ 3,332		\$ (51,083)
Legislative	4,796	-		(4,796)
Public safety	254,833		2,917	(251,916)
Public works	29,933	-		(29,933)
Planning and Zoning	8,269	1,399		(6,870)
Cemetery	650	-		(650)
Total government activities	\$ 352,896	\$ 4,731	\$ 2,917	\$(345,248)

(continued)

The accompanying notes are an integral part of these financial statements.

ORANGE TOWNSHIP
STATEMENT OF ACTIVITIES (CONCLUDED)
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Governmental Activities</u>
Changes in net assets	
Net (expense) revenue	\$ (345,248)
General revenues:	
Property taxes	118,647
State revenues	71,553
Investment earnings	4,230
Other Income	<u>7,267</u>
Total general revenues	<u>201,697</u>
Change in net assets	(143,551)
Net assets, beginning of year	<u>254,348</u>
Net assets, end of year	<u>\$ 110,797</u>

The accompanying notes are an integral part of these financial statements.

ORANGE TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2008

<u>ASSETS</u>	<u>GENERAL FUND</u>
Cash and deposits	\$ 198,152
Receivables:	
Due from other funds	5,377
Taxes receivable	10,261
Prepaid expenses	<u>977</u>
 TOTAL ASSETS	 <u><u>214,767</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>	
LIABILITIES:	
Accounts payable and accrued expenditures:	
Accounts payable	10,744
Escrow accounts	<u>1,271</u>
 TOTAL LIABILITIES	 <u>12,015</u>
 FUND BALANCE	
Reserved for fire equipment	10,000
Reserved for township hall	15,000
Undesignated	<u>177,752</u>
	202,752
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 214,767</u></u>

The accompanying notes are an integral part of these financial statements.

ORANGE TOWNSHIP

BALANCE SHEET

GOVERNMENTAL FUNDS

MARCH 31, 2008

**RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS TO NET ASSETS OF THE GOVERNMENTAL
ACTIVITIES ON THE STATEMENT OF NET ASSETS**

Fund balance -- total governmental funds.....	\$	202,752
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Amounts reported for *governmental activities* in the statement of net assets
are different because:

Capital assets used in governmental activities are not current financial resources
and therefore are not reported in the funds.

Add -- capital assets.....	18,646
Deduct -- accumulated depreciation.....	(6,769)

Long-term debt is not a current liability for governmental funds:

Deduct -- long-term debt payable.....	(103,069)
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Accrued interest on long-term debt is not a current liability:

Deduct accrued interest @ 03/31/2008.....	(763)
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Net assets of governmental activities.....	\$	<u>110,797</u>
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The accompanying notes are an integral part of these financial statements.

ORANGE TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	GENERAL FUND
REVENUES:	
Property taxes	\$ 50,206
Fire department millage	62,591
Special assessment	5,850
Fire department loan proceeds	193,000
State sources	74,885
Charges for services	4,316
Interest	4,230
Other	7,267
TOTAL REVENUES	402,345
EXPENDITURES:	
General government	52,254
Legislative	4,796
Public safety	344,001
Public works	29,933
Planning and zoning	8,269
Cemetery	650
TOTAL EXPENDITURES	439,903
REVENUES OVER EXPENDITURES	(37,558)
NET CHANGE IN FUND BALANCES	(37,558)
FUND BALANCE, BEGINNING OF YEAR	240,310
FUND BALANCE, END OF YEAR	\$ 202,752

The accompanying notes are an integral part of these financial statements.

ORANGE TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

FOR THE YEAR ENDED MARCH 31, 2008

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES

Net change in fund balances -- total government funds.....	\$ (37,558)
Government funds expense capital outlays in the current year while the Statement of Net Assets allocates them over useful life:	
Add -- Capital Assets acquired and expensed by depreciation	-
Deduct - depreciation expense.....	(2,161)
Government funds receipt of loan proceeds is revenue while the the Statement of Assets classifies them as liabilities:	
Deduct loan proceeds.....	(193,000)
Loan payments are a current expense for governmental funds while the State of Net Assets allocates between principal and interest	
Add loan payments made.....	94,760
Deduct interest expense from Statement of Activities.....	(5,592)
Change in net assets of government activities.....	<u>\$ (143,551)</u>

The accompanying notes are an integral part of these financial statements.

ORANGE TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2008

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Property taxes	\$ 45,214	\$ 45,214	\$ 50,206	\$ 4,992
Special assessment	9,500	9,500	5,850	(3,650)
Fire department millage	54,000	54,000	62,591	8,591
Fire department loan proceeds	193,000	193,000	193,000	-
State sources	74,000	74,000	74,885	885
Charges for services	1,300	1,300	4,316	3,016
Interest	3,300	3,300	4,230	930
Other	2,000	2,000	7,267	5,267
TOTAL REVENUES	382,314	382,314	402,345	20,031

The accompanying notes are an integral part of these financial statements.

ORANGE TOWNSHIP**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL****GENERAL FUND****FOR THE YEAR ENDED MARCH 31, 2008**

	<u>BUDGETED AMOUNTS</u>			<u>POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
EXPENDITURES				
General government	\$ 79,074	\$ 79,074	\$ 52,254	\$ 26,820
Legislative	6,070	6,070	4,796	1,274
Public safety	384,049	384,274	344,001	40,273
Public works	59,500	59,500	29,933	29,567
Planning and zoning	8,500	8,665	8,269	396
Cemetery	2,400	2,400	650	1,750
Contingency	<u>40,000</u>	<u>39,610</u>	<u>-</u>	<u>39,610</u>
TOTAL EXPENDITURES	<u>579,593</u>	<u>579,593</u>	<u>439,903</u>	<u>139,690</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(197,279)</u>	<u>(197,279)</u>	<u>(37,558)</u>	<u>159,721</u>
NET CHANGE IN FUND BALANCES	<u>(197,279)</u>	<u>(197,279)</u>	<u>(37,558)</u>	<u>159,721</u>
FUND BALANCE, BEGINNING OF YEAR	<u>240,310</u>	<u>240,310</u>	<u>240,310</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 43,031</u>	<u>\$ 43,031</u>	<u>\$ 202,752</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

ORANGE TOWNSHIP

FIDUCIARY FUND

TAX AGENCY FUND

STATEMENT OF NET ASSETS

MARCH 31, 2008

Assets

Cash in bank	\$	5,377
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Liabilities

Due to other funds	\$	<u>5,377</u>
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STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

Receipts

Tax Collections	\$	1,164,769
Interest income		1,787
Other revenue		<u>1,397</u>
Total cash receipts		1,167,953

Disbursements

Tax payments to government agencies	<u>1,167,751</u>
-------------------------------------	------------------

Total cash disbursements	<u>1,167,751</u>
--------------------------	------------------

Total receipts over (under) disbursements	202
--	------------

Cash balance at the beginning of the year	<u>5,175</u>
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Cash balance at the end of the year	<u>\$ 5,377</u>
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The accompanying notes are an integral part of these financial statements.

ORANGE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Orange Township was organized on March 19, 1845, under the applicable laws of the State of Michigan. The Township is governed by a Board of Trustees which consists of Supervisor, Clerk, Treasurer, and two Trustees, and provides the following services: public safety (fire, ambulance), road maintenance, cemetery, public improvements, planning and zoning, and general administrative services.

The financial statements of the Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below:

The Reporting Entity

As required by generally accepted accounting principles, these financial statements present the a financial report on all funds of Orange Township.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Orange Township has no business-type activities or funds.

ORANGE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for government funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Agency funds follow the accrual basis of accounting and they do not follow a measurement focus because they do not report the results of operations (assets equal liabilities). Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures in the current period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Township. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

ORANGE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

Fund Accounting

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity or net assets, revenues, and expenditures or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Township reports the following major government fund:

General Fund – This fund is the Township’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the Township reports the following fund type:

Tax Agency Fund – This fund is used to account for property tax collections from real and personal property owners in Orange Township, and the fund’s disbursements to the applicable government entities and agencies.

ORANGE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance in the Statement of Net Assets and the Statement of Activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Budgets and Budgetary Accounting

Annual budgets are adopted for the general fund on a basis consistent with generally accepted accounting principles (GAAP). The Township follows these procedures in establishing the budgetary data which is reflected in the financial statements:

1. The budgets are generated with input from various department heads, the township supervisor, clerk, treasurer, and township trustees.
2. Public hearings are conducted to obtain taxpayer comments and recommendations. The operating budgets include proposed expenditures and the means of financing them.
3. The budget is legally enacted through the passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.
5. Budget appropriations lapse at fiscal year-end

ORANGE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

6. Adoption and amendments of all budgets used by the Township are governed by Public Act 621. Expenditures may not exceed appropriations at the functional level for all funds (the legal level of budgetary control). The appropriations resolutions are based on the projected expenditure budgets by function. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any department must be approved by the Township Board.
7. Budgeted amounts are as originally adopted, or as amended by the Township Board. Supplemental budget appropriations were made during the year.
8. Encumbrance accounting is not utilized.

Investments

Investments are stated at fair value.

Restricted Assets

Certain proceeds may be set-aside or restricted for the repayment of debt obligations, a planned capital project, or for any other special purpose. Orange Township has no restrictions on its net assets.

Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

ORANGE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental funds in the government-wide financial statements. The Township does not currently own infrastructure (roads, tunnels, bridges, etc.) Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation on the capital assets of the primary government is computed using the straight-line method over the following estimated useful lives:

	Depreciable <u>Life-Years</u>
Building and structures.....	10 - 40
Furniture and equipment.....	5 - 15
Building and lot improvements.....	15
Trucks and vehicles.....	5
Machinery and equipment.....	5 - 15

ORANGE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

Property Taxes

Property taxes for the Township are attached as an enforceable lien on property as of December 1 of each year. The December 1 levy is recorded as a revenue during the current fiscal year, and is intended to fund expenditures of the current year. Taxes are levied December 1 and are due without penalty on or before February 14. These winter tax bills include the Township's own property taxes and taxes billed on behalf of the school districts and other entities in Ionia County; summer taxes are collected for the school districts and the County of Ionia.

Real property taxes not collected are returned to the County for collection, which advances the Township 100% for the delinquent taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

Fund Equity

In the fund statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent restricted net assets equal to restricted assets less related liabilities. Reservations of fund balance are funds that the Township Board has set aside for specific purposes. The Board has set aside \$10,000 for fire equipment and \$15,000 for the building of a new township hall.

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2008, the Township was covered by a liability and property insurance policy of the Michigan Municipal League Liability and Property Pool.

The insurance limitations are: Property and contents, \$10,000; Liability, \$2,000,000; Crime, \$100,000; computer equipment and media, \$25,000.

ORANGE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

2. CASH AND DEPOSITS AND INVESTMENTS

The cash and deposits, investments and restricted assets for the Township and its component unit are as follows:

	Governmental Activities	Agency	Total
Deposits:			
Cash and deposits	\$ 154,592	\$ 5,377	\$ 159,969
Investments	43,560	-	43,560
TOTAL	\$ 198,152	\$ 5,377	\$ 203,529

The carrying amount of the Township's deposits at March 31, 2008, was \$198,152. Of these deposits, the Federal Deposit Insurance Corporation insures \$ 143,650 since its liability insurance is limited to \$100,000 per bank. In accordance with the State of Michigan policy limits, these deposits are all deposited in a Michigan bank. All accounts are in the name of the Township and a specific fund or common account. They are recorded in the Township records at fair value.

Statutory Authority

State statutes authorize the Township to invest in:

1. Bond securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
3. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services that matures not more than 270 days after date of purchase.

ORANGE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

4. Banker's acceptances of United States banks.
5. Obligations of the State of Michigan or its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
6. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
7. External investment pools as authorized by Public Act 20 as amended through December 21, 1997.

Township investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Township's name. Investments held by the Township are reported at fair value.

All deposit accounts of Orange Township are in Category 1 are listed as follows:

<u>Depository</u>	<u>Account</u>	<u>Amount @ 03/31/08</u>
General Fund:		
Firstbank West Michigan	General Fund checking account	\$ 128,946
Firstbank West Michigan	Business Management Account	25,646
Fifth Third Bank	Savings Account	43,560
Tax Agency Fund:		
Firstbank West Michigan	Checking acct – Tax Agency Fund	<u>5,377</u>
TOTAL DEPOSITED FUNDS		<u>\$ 203,529</u>

ORANGE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

3. CAPITAL ASSETS

A summary of changes in Capital Assets follows:

	<u>Balance April 1, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance March 31, 2008</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 100			\$ 100
Capital assets being depreciated:				
Office and voting equipment	18,546			18,546
Total assets being depreciated	18,546			18,546
Less accumulated depreciation for:				
Office and voting equipment	4,608	2,161		6,769
Total	4,608	2,161		6,769
Total capital assets, being depreciated net	13,938			11,777
Governmental activities capital assets net	\$ 14,038			\$ 11,877

ORANGE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

Depreciation expense was charged to functions/programs of the general government as follows:

Elections.....	\$ 1,232
Clerk.....	442
Treasurer.....	<u>487</u>
Total depreciation.....	<u>\$ 2,161</u>

4. LONG-TERM DEBT

In the government-wide financial statements, the long-term debt and other long-term obligations are reported as liabilities in the governmental statement of net assets. The Township signed a Promissory Note with Firstbank West Michigan on April 9, 2007, for \$193,000 to obtain the capital needed to contribute to the purchase of the new tanker for the Berlin Orange Fire Department. The Promissory Note calls for regular yearly payments of \$67,541 with the final balance due on May 9, 2009.

The following is a summary of debt transactions of the Township for the year ended March 31, 2008:

	Balance March 31, 2007	Additions	Deletions	Balance March 31, 2008	Due Within One Year
Promissory Note Firstbank West Michigan 4.5% Dated: April 9, 2007	-	193,000	89,931	103,069	65,503

ORANGE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

The annual requirements to maturity on total long-term obligations outstanding at March 31, 2008, are as follows:

	Principal	Interest	Totals
2008 - 2009	\$ 65,503	\$ 2,599	\$ 68,102
2009 - 2010	37,566	144	37,710
TOTALS	\$ 103,069	2,743	\$ 105,812

5. CONTRIBUTORY PENSION PLAN

Orange Township contributes to a group pension plan through Edward Jones. All elected officials are eligible. The Township contributes 18% of each official's compensation. No contributions are made by the participants. During the year ended March 31, 2008, the Township contributed \$3,354 for wages paid from January 1, 2007, through December 31, 2007. For the fiscal year ended March 31, 2008, the Township has an accrued pension liability of \$908 based on compensation paid for January through March, 2008.

6. LITIGATION

In the normal course of its activities, the Township has become a party in various legal actions, including property tax assessment appeals. Management of the Township is of the opinion that the outcome of such actions will not have a material effect on the financial position of the Township and, therefore, has not reflected loss reserves in the financial statements.

ORANGE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

7. ESCROW ACCOUNTS

As of March 31, 2008, Orange Township has two escrow accounts with a balance of \$1,271.

8. DUE FROM (TO) OTHER FUNDS

Amounts due from (to) other funds representing interfund receivable and payable balances at March 31, 2008, are detailed as follows:

	<u>Due from</u>	<u>Due to</u>
General Fund	-	\$ 5,377
Tax Agency Fund	\$ 5,377	-

“Due to” and “due from” balances represent amounts in the tax-agency fund which may be transferred into the general fund.

9. TOWNSHIP FIRE FIGHTING MILLAGE

The voters of Orange Township approved a three-year millage of 1.5 mills dedicated to the purchase of fire equipment. The millage is effective through 2008. The total fire millage collected for year 2007 was \$62,591.

ORANGE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

10. JOINT VENTURE

The townships of Berlin and Orange organized the Berlin-Orange Fire Department in 1973. The Berlin-Orange Fire Department was formed with its own operating board and has been financed equally by Berlin and Orange Township. The operating board consists of three members from each township – two of which must be township officers. The agreement was extended for another ten years in 2005. For the year ended March 31, 2008, Orange Township contributed \$60,000 for the operations to the Fire Department and made a capital contribution of \$180,329 for its share of the cost of the new tanker truck, Engine 3, obtained by the Berlin-Orange Fire Department during the year ended March 31, 2008.

GENERAL FUND

The General Fund is used to account for government resources that are not required legally or by sound financial management to be recorded in another fund. Revenues in this fund are derived primarily from general property taxes, fees for services, interest, state shared revenues, grants, and intergovernmental revenues. General operating expenditures of the Township are accounted for in this fund, including Township Administration, Public Safety, Public Works, Planning and Zoning, and Cemetery.

The legal level of budgetary control of the General Fund is at the activity level, as reflected on the following Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual.

**ORANGE TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND**

FOR THE YEAR ENDED MARCH 31, 2008

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Property taxes				
Current property taxes	\$ 45,214	\$ 45,214	\$ 50,206	\$ 4,992
Voted fire department millage	54,000	54,000	62,591	8,591
Special Assessment	9,500	9,500	5,850	(3,650)
Total taxes	108,714	108,714	118,647	9,933
State sources				
State revenue sharing	71,000	71,000	71,553	553
State fire protection			2,917	2,917
	71,000	71,000	74,470	3,470
Charges for services:				
Licenses and Permits	1,300	1,300	1,399	99
Telecom	3,000	3,000	3,332	332
Total fee revenue	4,300	4,300	4,731	431
Investment revenue:				
Interest earnings	3,300	3,300	4,230	930
Fire department loan proceeds	193,000	193,000	193,000	0
Other revenue	2,000	2,000	7,267	5,267
TOTAL REVENUES	382,314	382,314	402,345	20,031

**ORANGE TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND**

FOR THE YEAR ENDED MARCH 31, 2008

	BUDGETED AMOUNTS			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES				
General government				
Supervisor	\$ 10,610	\$ 10,610	\$ 9,469	\$ 1,141
Elections	2,200	2,200	1,343	857
Assessor	8,300	8,300	8,300	-
Clerk	16,389	16,389	11,324	5,065
Board of review	865	865	420	445
Treasurer	12,055	12,055	10,455	1,600
Building and grounds	17,000	17,000	2,757	14,243
Audit & legal	6,500	6,500	2,794	3,706
Insurance	5,000	5,000	3,263	1,737
Payroll taxes	155	155	2,129	(1,974)
Total general government	79,074	79,074	52,254	26,820
Legislative	6,070	6,070	4,796	1,274
Public safety				
Fire department operating	69,584	69,584	60,000	9,584
Ambulance	13,161	13,161	8,182	4,979
Fire dept capital donations	183,763	183,763	180,329	2,704
Fire dept loan repayments	117,541	117,766	95,490	23,006
Total public safety	384,049	384,274	344,001	40,273
Public works				
Roads	55,500	55,500	28,424	27,076
Drains	4,000	4,000	1,509	2,491
Total Public Works	59,500	59,500	29,933	29,567

**ORANGE TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND**

FOR THE YEAR ENDED MARCH 31, 2008

Planning and zoning				
Zoning administrator	\$ 7,000	\$ 7,165	\$ 7,099	\$ 66
Zoning board of appeals	500	500	450	50
Planning commission	<u>1,000</u>	<u>1,000</u>	<u>720</u>	<u>280</u>
Total Planning and Zoning	8,500	8,665	8,269	396
 Cemetery	 2,400	 2,400	 650	 1,750
 Contingency	 <u>40,000</u>	 <u>39,610</u>	 <u>-</u>	 <u>39,610</u>
 TOTAL EXPENDITURES	 <u>579,593</u>	 <u>579,593</u>	 <u>439,903</u>	 <u>139,690</u>
 REVENUES OVER (UNDER) EXPENDITURES	 (197,279)	 (197,279)	 (37,558)	 159,721
 NET CHANGE IN FUND BALANCES	 <u>(197,279)</u>	 <u>(197,279)</u>	 <u>(37,558)</u>	 <u>159,721</u>
 FUND BALANCE, BEGINNING OF YEAR	 240,310	 240,310	 240,310	 -
 FUND BALANCE, END OF YEAR	 <u>\$ 43,031</u>	 <u>\$ 43,031</u>	 <u>\$202,752</u>	 <u>-</u>

TAX AGENCY FUND

The Orange Township Tax Agency Fund collects all personal and real property taxes assessed on real and personal property in the township. It disburses these funds to the appropriate governmental entities including school districts, the County of Ionia, and the Township's general fund.

ORANGE TOWNSHIP
TAX AGENCY FUNDS
RECEIPTS AND DISBURSEMENTS BY MONTH
FOR THE YEAR ENDED MARCH 31, 2008

PERIOD	OPENING BALANCE	RECEIPTS	INTEREST	DISBURSE- MENTS	CLOSING BALANCE
APRIL 07	\$ 5,174.75	\$ 1,397.35	\$ 7.49	\$ 2,920.34	\$ 3,659.25
MAY 07	3,659.25	0.00	5.44	10.00	3,654.69
JUNE 07	3,654.69	0.00	5.26	10.00	3,649.95
JULY 07	3,649.95	24,638.82	20.79	10.92	28,298.64
AUGUST 07	28,298.64	43,353.44	72.06	67,553.31	4,170.83
SEPTEMBER 07	4,170.83	291,220.86	218.03	46,198.13	249,411.59
OCTOBER 07	249,411.59	7,774.15	253.76	244,308.35	13,131.15
NOVEMBER 07	13,131.15	2,584.18	22.00	3,809.37	11,927.96
DECEMBER 07	11,927.96	234,140.63	170.11	5,833.51	240,405.19
JANUARY 08	240,405.19	271,303.78	335.76	336,703.99	175,340.74
FEBRUARY 08	175,340.74	231,034.46	296.72	147,296.78	259,375.14
MARCH 08	259,375.14	58,718.04	380.01	313,096.41	5,376.78
TOTALS		\$ 1,166,165.71	\$ 1,787.43	\$ 1,167,751.11	

Lawrence Tiejema, PC Certified Public Accountant
31 E. Main Street, Saranac, MI 48881 616-642-0384
fax: 616-642-0610 email: tiej@sbcglobal.net

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

September 5, 2008

The Township Board
Orange Township
Ionia County, Michigan

I have audited the financial statements of the governmental activities and the aggregate remaining fund information of the Township of Orange, State of Michigan, as of and for the year ended March 31, 2008, which collectively comprise Orange Township's basic financial statements and have issued a report thereon dated September 5, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, I considered Orange Township's control over financial reporting as basis for designing my auditing procedures for the purposes of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Orange Township's internal control over financial reporting

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

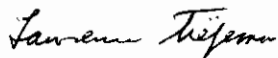
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

I noted no material weaknesses in the internal control system of Orange Township. However, I did note six significant deficiencies that are described in the attached schedule that are titled 2008-1 through 2008-6.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Orange Township's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the township board officers, bond and credit holders, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Lawrence Tiejema, PC.

September 5, 2008

SCHEDULE OF SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

ORANGE TOWNSHIP – YEAR ENDED MARCH 31, 2008

- 2008-1: The Township accounting personnel do not prepare the accruing entries necessary for preparation of the government-wide financial statements. They rely on the auditor to make all of these adjustments.
- Township response:** The township accounting personnel will receive training so that they can prepare accruing entries for the next audit.
- 2008-2: The board does not have a formal procedure for reviewing all bills and their supporting documentation prior to the board's consideration and approval.
- Township response:** The township board will assign an official who is not connected with recording transactions or maintaining deposit accounts to review all supporting documentation before the township authorizes payment.
- 2008-3: The township does not have an effective procedure for the accounting clerk to obtain adequate information for the recording of deposits to their proper revenue accounts.
- Township response:** The township will develop a procedure for the sharing of revenue and expense transactions between the Clerk and Treasurer to assure that all revenues and expenditures are recorded in the proper accounts.
- 2008-4: The Township operates under traditional purchasing guidelines whereby bids are used for all significant purchases. However, the board does not have a formal, written purchasing policy as required by the Michigan Department of Treasury.
- Township response:** The township board will adopt a written purchasing policy during the current year.
- 2008-5: The Township does not have a specific method to prevent the non-payment of a vendor.
- Township response:** The township will assign a member to keep a list of services purchased and match the service with invoices/bills received.

2008-6: The Township does not maintain by date and cost a capital asset schedule that records the acquisition and disposal of equipment.

Township response: The township accounting personnel will receive training so that they can maintain the fixed asset schedule and calculate depreciation expense.